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Chief Executive Officer

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June 21, 2013

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To: Supervisor Mark Ridley-Thomas, Chairman
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Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "WTF", is placed next to the "From:" line.

SACRAMENTO UPDATE

Executive Summary

This memorandum provides information on the following:

- **Pursuit of County Position to Support AB 900 (Alejo).** This measure would prevent the proposed 10 percent Medi-Cal rate reduction to hospital-based nursing facilities, known as Distinct Part/Skilled Nursing Facilities, for services provided on or after July 1, 2013. Therefore, unless otherwise directed by the Board, consistent with existing Board policy to support proposals to align Medi-Cal reimbursement rates for providers and hospitals in medically underserved areas and to support a dependable, long-term funding source for the health care safety net, **the Sacramento advocates will support AB 900.**
- **Status of County-Sponsored Legislation**
 - **County-sponsored AB 331 (Garcia)** - related to consolidation of a Statewide or special election passed the Senate Elections and Constitutional Amendments Committee on June 18, 2013.

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- **County-co-sponsored SB 191 (Padilla)** - related to funding for pediatric trauma centers passed the Assembly Health Committee on June 18, 2013.
- **Status of Legislation of County Interest.** Updates on the status of two measures of interest to the County related to minor and non-minor parents and Laura's Law.

Pursuit of County Position on Legislation

AB 900 (Alejo), which as amended on May 24, 2013, would prevent the proposed 10 percent Medi-Cal rate reduction to hospital-based nursing facilities, known as Distinct Part/Skilled Nursing Facilities (DP/SNFs), for services provided on or after July 1, 2013.

Skilled nursing facilities provide care on a transitional basis for patients following acute care hospitalization for an illness or injury. Distinct Part Skilled Nursing Facilities (DP/SNFs), which operate as part of general acute care hospitals, provide care for patients with more medically complex health issues and are often the only option for patients with specialized medical or behavioral needs or for individuals living in rural or underserved areas of the State.

In March 2011, the Legislature enacted a number of measures to address the existing \$26.6 billion State Budget deficit. These measures resulted in significant reductions to health and human services programs and included AB 97 (Chapter 3, Statutes of 2011) which imposed a 10 percent rate reduction in the rates paid to fee-for-services Medi-Cal providers. AB 97 also rolled back payment rates for DP/SNFs to the rates that were in place in FY 2008-09, resulting in an average effective rate reduction of 25 percent for these specialized facilities.

In response to the enactment of AB 97, several health care organizations filed a lawsuit against the California Department of Health Care Services forcing the State to stop the implementation of the Medi-Cal rate reductions. In December 2012, a Federal appeals court upheld the State's right to reduce Medi-Cal provider payments. That decision is now on appeal with the 9th U.S. Circuit Court of Appeals. The State expects the court to rule in its favor, and upon a final ruling, will implement the rate reductions and recoup savings retroactively to June 1, 2011, by requiring Medi-Cal providers to repay reimbursements they received over the past two years.

The California Hospital Association (CHA) indicates that hospital-based DP/SNFs are cost-effective and that patients in these facilities have shorter lengths of stay and better health outcomes than patients in free-standing SNFs. According to CHA, the pending Medi-Cal rate reductions and retroactive recoupments will have a devastating financial hardship on hospitals with DP/SNFs and may force many of these hospitals to close their DP/SNFs. If these facilities close, patients needing transitional medical services will be displaced and will lose access to care.

AB 900 would exempt hospital-based DP/SNFs from the 10 percent reduction rate and restore Medi-Cal reimbursement rates for DP/SNFs to levels adequate to support essential medical care for patients transitioning from acute care hospitals. AB 900 is an urgency measure and would be effective immediately upon the Governor's signature.

There are approximately 50 hospital-based DP/SNFs in California including the following located in Los Angeles County: California Hospital Medical Center; Catalina Island Medical Center; Motion Picture and Television Fund Hospital; San Gabriel Valley Medical Center; St. Francis Medical Center; St. Vincent Medical Center; Torrance Memorial Medical Center; White Memorial Hospital; and the Los Angeles Jewish Home located at the Joyce Eisenberg Keefer Medical Center. Although, the Department of Health Services (DHS) does not operate hospital-based DP/SNFs, these facilities are critical to the County's overall health care safety net. DHS indicates that it routinely coordinates the placement of patients with SNFs and DP/SNFs. According to DHS, the availability of these facilities helps patients recover more quickly and results in fewer hospital readmissions and emergency department visits.

This office and the Department of Health Services support AB 900. Therefore, unless otherwise directed by the Board, consistent with existing Board policy to support proposals to align Medi-Cal reimbursement rates for providers and hospitals in medically underserved areas and to support a dependable, long-term funding source for the health care safety net, **the Sacramento advocates will support AB 900.**

AB 900 is sponsored by the California Hospital Association and supported by: The California State Association of Counties; Catalina Island Medical Center; Coalinga Regional Medical Center; Lompoc Valley Medical Center; Palomar Health; San Bernardino Mountains Community Hospital District; SEIU California; Union of American Physicians and Dentists; and others. There is no opposition on file.

AB 900 passed the Senate Health Committee by a vote of 9 to 0 on June 19, 2013, and now proceeds to the Assembly Appropriations Committee.

Status of County-Sponsored Legislation

County-sponsored AB 331 (Garcia), which as amended on April 30, 2013, would require that elections consolidated with a Statewide or special election be conducted under applicable State and Federal laws, including relevant county election procedures and practices, passed the Senate Elections and Constitutional Amendments Committee by a vote of 4 to 0 on June 18, 2013. This measure now proceeds to the Senate Floor.

County-co-sponsored SB 191 (Padilla), which as introduced on February 7, 2013, would eliminate the January 1, 2014 sunset date for the Ritchie's Fund which authorizes counties to augment the Emergency Medical Services Fund by collecting an additional penalty assessment for specified crimes to fund pediatric trauma centers, passed the Assembly Health Committee by a vote of 18 to 0 on June 18, 2013 with an amendment to extend the sunset date to January 1, 2020. This measure now proceeds to the Assembly Public Safety Committee.

Status of Legislation of County Interest

SB 528 (Yee), which as amended on May 28, 2013, would, among other provisions, make the previously mandated provisions under the bill permissive, including: 1) authorize, instead of require, a social worker to provide a dependent child age 12 years or older with age-appropriate, medically accurate information about sexual development, reproductive health, and prevention of unplanned pregnancies and sexually transmitted infections on an ongoing basis; 2) add parenting minor and non-minor dependents (foster youth) to the list of families who are eligible for subsidized State and Federal child care and development services, and that dependent parents are given priority for subsidized child care when slots become available, but not displace children currently receiving care; 3) authorize, instead of require, child welfare agencies, school districts, county offices of education, and child care resources and referral agencies to make coordinated efforts to ensure that minor and non-minor dependent parents who have not completed high school have access to school programs that provide onsite or coordinated child care; 4) encourage, instead of require, child welfare agencies to update case plans for pregnant and parenting dependents within 60 calendar days of the date the agency is informed of a pregnancy; and 5) specify that child welfare agencies may hold a specialized conference to assist pregnant or parenting foster youth and non-minor dependents with planning for healthy parenting, among other factors. SB 528 passed the Assembly Human Services Committee by a vote of 6 to 1 on June 18, 2013 with technical amendments, and now proceeds to the Assembly Judiciary Committee.

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SB 585 (Steinberg), which as amended on May 13, 2013, would clarify that counties that elect to implement the involuntary Assisted Outpatient Treatment Demonstration Project, provided under Laura's Law, may use Mental Health Services Act of 2004 (Proposition 63) funds and 2011 Public Safety Realignment mental health funds for this purpose, passed the Assembly Health Committee by a vote of 15 to 3 on June 18, 2013. This measure now proceeds to the Assembly Appropriations Committee.

We will continue to keep you advised.

WTF:RA
MR:VE:IGEA:ma

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants